

uMFOLOZI LOCAL MUNICIPALITY



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Glossary

Allocations – Money received from Provincial or National Government or other municipalities.

Budget – The financial plan of the Municipality.

Adjustment budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Budget related policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality.

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA – Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

MIG – Municipal Infrastructure Grant.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure – Generally, is spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget. In uMfolozi Municipality this means at directorate level.

PART 1 – FINAL ANNUAL BUDGET

Section 1 – Mayor's Report

Honourable Speaker, Deputy Mayor, Members of Executive Committee, Amakhosi of uMfolozi Municipality, Honourable councillors, Municipal Manager, Senior managers, Middle Managers, other members of staff, community members and other stakeholders, may I humbly greet you all.

As we present this budget, we must note the following:

- The year 2020 marks 26 years of freedom and democracy in South Africa. This provides a unique opportunity for people around the world to reflect on our world icon Dr Nelson Mandela's life, times and to promote his legacy.
- We must not leave out the pandemic of COVID19 that has terrorised our country and the world.
- Let us not forget to off-set one year from five (5) years in office, which means that we are only left with (1) year to deliver services to the people of uMfolozi Local Municipality.

Ngicela ukukhuleka ebukhosini esibakhele, ubukhosi bakwa Mbuyazi, ubukhosi bakwa Sokhulu, ubukhosi bakwa Mthethwa, ubukhosi bakwa Mthiyane, ubukhosi bakwa Mthembu.

Let me take this opportunity and thank Honourable Speaker and his Council for knowing their responsibilities and for entrusting me with the responsibility of discharging functions assigned to the Office of the Mayor.

I also wish to take this opportunity to thank all senior officials, led by the Municipal Manager, Mr KE Gamede and the budget steering committee led by the Chief Financial Officer, Mr KN Mthethwa for the coordination and consolidation of the draft budget that is presented before council today.

The elected Council was the first to implement mSCOA with effect from 01 July 2017, which coincides with the commencement of the new financial year. We are required by law that our budget is mSCOA compliant and we must be able to transact across all mSCOA segments.

In terms of Section 24(1) of the MFMA, the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget. The 2020/2021 budget is prepared in accordance with the MFMA and the Municipal Budget and Reporting Regulations issued by the Minister in terms of Section 168(1) of the Act.

In terms of these regulations, a multi-year budget spanning over three years is prepared. It needs to be noted that the figures for 2020/2021 – 2022/2023 are indicative in terms of the medium-term revenue and expenditure framework. The functions have been ring-fenced in terms of the Council vote structure.

In terms of the tariff increase, we must strive to maintain acceptable levels that will be accommodative of all households in terms of affordability, from the poor to the well-off citizens.

With regards to employee related costs, the municipality is guided by law and applicable collective agreement. A provision for salary increment is estimated at 6.25%. The significant increase in employee cost is caused by the implementation of notch progressions and other positions affected by job evaluation

Councillors remuneration is guided by Government Notice on the Remuneration of Public Office Bearers Act published in December. Budgeted councillors' remuneration is based on the estimated 6.25% from current remunerations.

Section 62(1) of the MFMA stipulates that the Accounting Officer of a Municipality is responsible for managing the financial administration of a municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.

In terms of legal framework, the elected council and Accounting Officers are required to institute appropriate measures to ensure that the limited resources and public funds are appropriately utilized to ensure value for money is achieved.

The Government Gazette on cost containment is to guide municipalities and municipal entities on cost containment measures that maybe implemented in an effort to address the impact of the country's economic challenges and to promote growth, address unemployment and equality, amongst others.

Cost containment measures must be implemented to eliminate wasteful expenditure, reprioritize spending and ensure savings on certain focus areas among others, Engagement of consultants, vehicles used for political office-bearers, Travel and Subsistence costs, accommodation costs, conferences, meetings, study tours, catering and event related costs.

Municipalities are advised to ensure appropriate monitoring and reporting on such cost saving measures.

The total projected revenue and expenditure for 2020/2021 budget year is R239 million, the total grants and subsidies that will be received is R208 million.

The total budgetary items with direct impact to our communities excluding Infrastructure Projects is R18 million. The total Capital Projects funded by Grants is R45 million.

Electrification programme as per the grant receivable amounts to R12million. A total amount of R9.4million has been allocated for the repairs and maintenance.

The truth of the matter is that our Municipality is a rural low-capacity Municipality, fully dependent on government grants and yet we are expected to deliver equal services like urban high-capacity municipalities.

This means that as this council, we need to document prudent financial recovery and revenue generation strategies so that we can be able to transform the lives of the people that we serve. We owe it to the people of uMfolozi Municipality who voted this Council into power to be responsive, accountable, effective and efficient Municipality,

Lastly, I wish to share with you the following motivational quotes from the famous Global Motivational Speakers;

"To handle yourself, use your head, to handle others, use your heart". Eleanor Roosevelt

"Victory has a hundred fathers and defeat is an orphan". John F. Kennedy

"The greatest leader is not necessarily the one who does the greatest things. He is the one that gets the people to do the greatest things". Ronald Reagan.

I Thank You!

1.1.2 Other relevant information

The report is unaudited.

Section 2 – Resolution

On the 27th of May 2020 the Council of uMfolozi Local Municipality met at the Council Chambers of uMfolozi Municipality to consider the approval of the following:

- Approve Final Annual Budget Schedules.
- Approve A1 to A10 Annual Budget Schedules.
- Approve SA1 to SA38 Annual Budget supporting tables.
- Delegates the Accounting Officer or his delegate to sign quality certificate.

The council of uMfolozi Local Municipality, acting in terms of section 24 of the MFMA 56 of 2003 approves and adopts the final annual budget of the municipality for the financial year 2020/21 and the multi- year appropriation. Refer to Council Resolution.

Section 3 – Executive Summary

3.1 INTRODUCTION

The application of sound financial management principles for the compilation of municipality's financial plan is essential and critical to ensure that the municipality remains financial viable and that municipal service are provided sustainably, economically and equitably to all communities. Budget are prepared in an environment of uncertainty and assumptions need to be made about both Internal and external factors that could impact on the budget during the course of the financial year.

Practices (GRAP), MFMA No. 56 of 2003. The budget has been compiled on a three-year basis which is a legislative requirement. The final annual budget documentation must be approved by Council at least 30 days before the start of the budget year.

The overall budget amounts to R239 million. The projected overall spending for the year 2020/2021 amounts to R176 million in the operating budget and R30 million in the capital budget.

The employee costs amounts to R66.9 million which represent 36% of the full year forecast of operating expenditure. This includes the vacant post which has not yet been filled. Salaries have been budgeted for as per existing organogram considering the notch progression implemented in July 2017 as well as some positions that will be affected by job evaluation.

The municipality existence of budget related policies ensures the proper monitoring of municipal budget; the existence of the policies is useful in monitoring the expenditure throughout the financial year.

Events Overview:

- uMfolozi Local Municipality subsequently received an unqualified audit opinion for the year 2018/19.

- The Budget will be monitored through section 71 reports monthly.
- The budget prepared is Municipal Standard Charts of Accounts compliant.

3.2 PURPOSE

In terms of Section 24(1) of the MFMA, the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget. The 2020/21 budget is prepared in accordance with the MFMA and the Municipal Budget and Reporting Regulations issued by the Minister in terms of Section 168(1) of the Act.

The tabling of 2020/21 final annual budget to council.

3.3 STRATEGIC OBJECTIVE

The strategic objective of this report is to ensure good governance, financial viability and optimal institutional transformation with capacity to execute its mandate.

Section 21 of the MFMA (act 56 of 2003) requires that:

- (1) The mayor of a municipality must-
 - (a) co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible;
 - (b) at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines.

3.4 CONSOLIDATED PERFORMANCE

3.4.1 Final Annual Budget

Revenue by source

The municipality revenue has been estimated to be R239 million while the equitable share is projected to be R140.6 million, Expanded Public Works Programme grant is R1.7 million, Finance Management Grant R1, 9 million, Integrated National Electrification Programme grant is R12 million, Municipal Infrastructure Grant R39 million, Ward Based Plan is R500k, Tittle Deed Restoration grant is R592k, Community Services Library is R1 million and Provincialisation of Libraries is R1,8 million for the financial year 2020/21.

Property Rates is budgeted at R26.6 million and Revenue from refuse removal is R703k. Tariffs have been increased by different percentages across all consumer groups. The increase also affects the refuse charges and interest on arrears.

It is important to note that revenue from property rates is still experiencing poor collection, but it should be taken into consideration that negotiation with rates payers to ensure that the services are paid on time.

The increase of 2% compared to current year:

- is to accommodate those who are struggling to pay their monthly rates and taxes.

- is to encourage rates payers to pay their rates and taxes as some are affected by the COVID-19 pandemic.

The increase of 5% for service charges was considered looking at the extension of scope such as removal of chopped-up-trees which were not normally removed by councils refuse removal services, as well as garden refuse overgrown grass not attended.

Rental income is received for government departments that are occupying office spaces in the new Thusong Centre, hall hire charges and other employees that rent municipal properties.

The municipality expect to receive additional rent from other government departments that will be occupying Thusong Centre which is now completed.

Hall Hire was increases by 2% based on the low demand as many functions are cancelled due to COVID-19.

Interest earned is the estimated interest to be received on short term investments of excess funds. Since the Municipality has opened a liquidity plus account, surplus funds are kept on this account to earn interest. Licences have been budgeted at 280k due to less demand of learner's licences and also testing station is not yet operational.

Fines have been budgeted at 132k as there is less fines issued as a result of change in operations of traffic officers who have been deployed at Teza weigh bridge.

Other revenue consists of tender monies, SDL refunds, clearance certificates and dumping charges.

Tender monies budget has a high increase since the municipality will receive substantial amount for MIG project compare to the current financial year.

Operating expenditure by type

Total operating expenditure has been estimated to R186.4 million. The budgeted allocation for employee related costs for the 2020/21 financial year totals R66.9 million, which equals 36 per cent of the total Operating expenditure. Expenditure against overtime is only provided for emergency services and other critical functions. An increment of 6.25% has been budgeted for employee cost and notch progressions have been considered. There are other positions that are currently under job evaluation and there is possible increase in those respect posts. The budget also includes the estimated increase on those positions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The estimated budget also includes an estimate of 6% from the current remuneration.

The municipality is currently engaging with rates payers and a revenue collecting strategy is being developed and as a result, a debt impairment provision has been reduced compared to previous year's audited figures. A provision of interest amounting R710k has been made since the municipality has a loan with Absa Bank for Construction of Thusong Centre as well as finance lease for the grader.

An amount of R11million has been estimated for depreciation to accommodate other Projects that are currently work in progress and will be completed in the budget year.

Finance charge budget decrease from current financial year, most of the finance leased of motor vehicle has

been fully paid and the interest is not charged. Municipality is also paying its loan yearly which result to a decrease of finance charge.

Other material budget has been substantial increase as a result of other materials budget for prevention of COVID-19 spread.

Transfers and subsidies expenditure budget have increased as a result of social relief of R150 thousand and special emergency disaster fund which is R1.7 million.

Contracted services include valuations costs, cleaning services, security services, Sanitation costs, IT advisory, Mscoa related costs which is anything that is outsourced e.g. catering, sound; etc, Document management systems, Marketing and branding of the municipality, Waste collection, Performance Management System and other costs for functions, events and awareness.

Contracted services also include Electrification programmes funded by Integrated National Electrification Programme Grant.

The costs for Security and Cleaning services has been increased due to scope being extended to other municipal buildings such as Thusong Centre, Fire Station and Waste Transfer Station.

Repairs and Maintenance

There was a substantial increase for repairs and maintenance as more roads need to be repaired.

Municipality has only one grader which is used by 17 wards and it will constantly need service and repair.

Cash flows

The municipality began the financial year with positive cash & cash equivalents. Cognisance must be taken of the current commitment against the available cash and investments. The grants received are Equitable Share R140 million; FMG R1.9 million; Library Grant R2.8 million; EPWP R1.7 million; MIG R39 million; INEG R12 million.

The municipality anticipate receiving at least 75% of its rates and taxes overall on time.

Interest earned is the estimated interest to be received on short term investments of excess funds.

The municipality also has a loan of R7million that was taken in the year 2016 for completion of Thusong centre.

The loan is payable bi-annually. Other payments relate to finance lease for Grader that will be fully paid in 2021.

Capital expenditure

Capital expenditure has been estimated to R52.8 million. The capital expenditure includes the budget for the Infrastructure Projects such as roads, crèches and halls for the community and other capital expenditure used for operational purposes. From prioritization of capital expenditure, it has been noted that several roads need to be constructed in most wards.

Capital expenditure funded by National Government amounts to R37 million, 8.7million is funded by Provincial Sport and Recreation. Funds will be utilised for the construction of Dondotha Sport field.

Amount of R6.9million is funded from our own revenue which will be utilised to fund

- new transport assets for political office bearers, and disaster management unit
- furniture's, computers, etc.
- new ablution facilities infrastructure that need to be constructed for community halls
- also, the bus shelter for Thusong Centre

Capital projects that were prioritized include

- Thunuka Access Road
- Zilahle Access Road
- Sbululwane Access Road
- Dondotha Sport field
- Mankwathini MPCC
- Ward-14 MPCC

3.5 CONCLUSION

Performance of revenue situation will be monitored closely. Operating expenditure will also be closely monitored to ensure appropriation of expenditure according to the budget.

Section 4– Final Annual budget tables

Table A1: Budget Summary

Revenue by source

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municipal buildings such as Thusong Centre, Fire Station and Waste Transfer Station.

KZN281 Mfolozi - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
Financial Performance										
Property rates	7.502	13.484	26.578	26.114	26.114	26.114	26.114	26.635	27.168	27.712
Service charges	343	476	508	697	670	670	670	703	738	774
Investment revenue	1.687	416	1.155	750	1.200	1.200	1.200	1.260	1.285	1.414
Transfers recognised - operational	120.365	130.769	142.086	152.156	151.406	151.406	151.406	162.717	170.413	182.174
Other own revenue	16.381	7.399	3.426	2.360	1.983	1.983	1.983	2.056	2.098	2.318
Total Revenue (excluding capital transfers and contributions)	146.278	152.545	173.753	182.077	181.373	181.373	181.373	193.371	201.702	214.391
Employee costs	39.373	47.639	56.219	63.778	62.312	62.312	62.312	66.982	70.611	73.652
Remuneration of councillors	8.861	10.491	10.842	11.190	11.190	11.190	11.190	11.856	12.016	12.626
Depreciation & asset impairment	8.211	15.778	9.339	8.421	8.421	8.421	8.421	11.066	11.631	12.213
Finance charges	1.119	1.610	1.176	600	760	760	760	710	746	783
Materials and bulk purchases	-	-	-	1.352	1.397	1.397	1.397	1.578	1.893	1.875
Transfers and grants	-	1.532	562	770	730	730	730	2.460	2.465	2.470
Other expenditure	87.438	82.305	80.995	90.548	91.365	91.365	91.365	91.793	94.885	101.943
Total Expenditure	145.003	159.354	159.132	176.660	176.176	176.176	176.176	186.445	194.247	205.563
Surplus/(Deficit)	1.275	(6.810)	14.620	5.418	5.198	5.198	5.198	6.926	7.455	8.828
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	24.049	26.564	25.761	24.913	31.126	31.126	31.126	45.904	26.644	28.016
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	1.128	32.897	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	25.324	20.882	73.278	30.330	36.323	36.323	36.323	52.831	34.099	36.844
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	25.324	20.882	73.278	30.330	36.323	36.323	36.323	52.831	34.099	36.844
Capital expenditure & funds sources										
Capital expenditure	55.588	31.678	68.319	30.330	36.323	36.323	36.323	52.831	34.099	36.844
Transfers recognised - capital	26.774	29.336	66.143	24.913	31.126	31.126	31.126	45.904	26.644	28.016
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	28.813	2.342	2.176	5.418	5.198	5.198	5.198	6.926	7.455	8.828
Total sources of capital funds	55.588	31.678	68.319	30.330	36.323	36.323	36.323	52.831	34.099	36.844
Financial position										
Total current assets	12.906	12.785	21.567	14.405	14.023	14.023	14.023	23.805	22.709	28.317
Total non current assets	230.152	247.511	304.940	362.018	332.842	332.842	332.842	374.607	397.075	421.707
Total current liabilities	43.484	40.349	37.560	9.150	9.965	9.965	9.965	19.957	19.403	25.830
Total non current liabilities	11.564	9.060	6.907	5.255	4.058	4.058	4.058	3.855	2.656	1.837
Community wealth/Equity	188.010	210.887	282.040	362.018	332.842	332.842	332.842	374.601	397.724	422.356
Cash flows										
Net cash from (used) operating	37.855	32.487	72.296	31.636	40.040	40.040	40.040	57.947	40.259	43.526
Net cash from (used) investing	(41.754)	(29.999)	(64.380)	(30.330)	(36.323)	(36.323)	(36.323)	(52.831)	(34.099)	(36.844)
Net cash from (used) financing	5.302	(3.673)	(3.124)	(622)	(622)	(622)	(622)	(2.357)	(1.695)	(1.223)
Cash/cash equivalents at the year end	1.614	428	5.221	5.265	8.316	8.316	8.316	11.075	15.540	20.999
Cash backing/surplus reconciliation										
Cash and investments available	1.614	428	5.221	5.265	8.316	8.316	8.316	11.075	15.540	20.999
Application of cash and investments	40.512	34.077	6.637	3.012	4.245	4.245	4.245	9.291	12.862	19.168
Balance - surplus (shortfall)	(38.898)	(33.648)	(1.415)	2.253	4.071	4.071	4.071	1.785	2.678	1.831
Asset management										
Asset register summary (WDV)	230.152	247.511	304.940	362.018	332.842	332.842	332.842	374.607	397.075	421.706
Depreciation	8.211	15.778	9.339	8.421	8.421	8.421	8.421	11.066	11.631	12.213
Renewal and Upgrading of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	3.821	5.831	3.609	8.317	7.761	7.761	7.761	9.497	9.972	10.470
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	4.392	7.279	6.404	9.017	9.017	9.017	4.826	4.826	7.972	8.132
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy :	-	-	-	2	2	2	4	4	4	5
Refuse:	-	-	-	-	-	-	-	-	-	-

Table A2: Budgeted Financial Performance – Standard Classification

Annual Budget amounts to R239 million while the capital expenditure amounts to R52.8 million for 2020/2021 financial year.

KZN281 Mfolozi - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional										
Governance and administration		132.428	129.182	181.405	161.396	161.734	161.734	180.993	183.789	194.213
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		132.428	129.182	181.405	161.396	161.734	161.734	180.993	183.789	194.213
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1.070	4.139	10.522	3.977	3.227	3.227	3.348	3.487	3.637
Community and social services		1.070	1.367	3.537	3.527	2.777	2.777	2.898	3.037	3.187
Sport and recreation		-	2.772	6.985	450	450	450	450	450	450
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		25.455	32.498	27.863	26.749	32.697	32.697	40.444	28.332	29.783
Planning and development		-	-	-	1.311	1.311	1.311	3.046	1.402	1.475
Road transport		25.455	32.498	27.863	25.438	31.386	31.386	37.398	26.930	28.309
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		11.374	14.418	12.620	14.868	14.841	14.841	14.491	12.738	14.774
Energy sources		9.725	13.000	11.000	12.000	12.000	12.000	12.000	12.000	14.000
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		1.649	1.418	1.620	2.868	2.841	2.841	2.491	738	774
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	170.327	180.237	232.410	206.990	212.499	212.499	239.275	228.346	242.407
Expenditure - Functional										
Governance and administration		145.003	159.354	159.132	108.901	113.662	113.662	117.759	124.060	131.355
Executive and council		8.861	10.491	10.842	35.754	39.107	39.107	36.628	37.807	39.659
Finance and administration		136.142	148.864	148.291	73.146	74.555	74.555	81.130	86.253	91.696
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	28.579	28.192	28.192	32.777	36.114	37.033
Community and social services		-	-	-	13.265	13.087	13.087	13.160	14.164	14.919
Sport and recreation		-	-	-	1	1	1	450	342	413
Public safety		-	-	-	15.314	15.104	15.104	17.817	20.311	20.337
Housing		-	-	-	-	-	-	1.210	1.297	1.364
Health		-	-	-	-	-	-	140	-	-
Economic and environmental services		-	-	-	28.363	24.871	24.871	26.717	26.181	28.943
Planning and development		-	-	-	25.904	23.043	23.043	21.623	20.791	23.286
Road transport		-	-	-	2.420	1.795	1.795	5.030	5.324	5.591
Environmental protection		-	-	-	40	33	33	65	65	66
Trading services		-	-	-	10.802	9.435	9.435	9.162	7.872	8.192
Energy sources		-	-	-	1.550	3.242	3.242	1.300	1.365	1.433
Water management		-	-	-	50	20	20	47	38	32
Waste water management		-	-	-	340	590	590	950	998	1.047
Waste management		-	-	-	8.862	5.583	5.583	6.865	5.472	5.680
Other	4	-	-	-	15	16	16	30	20	40
Total Expenditure - Functional	3	145.003	159.354	159.132	176.660	176.176	176.176	186.445	194.247	205.563
Surplus/(Deficit) for the year		25.324	20.882	73.278	30.330	36.323	36.323	52.831	34.099	36.844

References

Table A3: Budgeted Financial Performance (Revenue and Expenditure by municipal vote)

Annual Budget amounts to R239 million, Capital Expenditure amounts to R52.8 million while operating expenditure amounts to R186 million.

KZN281 Mfolozi - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

TABLE 10: Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote)										
Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
Revenue by Vote										
Vote 1 - EXECUTIVE AND COUNCIL	1	-	-	-	-	-	-	1.092	-	-
Vote 2 - FINANCIAL SERVICES		170.327	180.237	232.410	162.078	162.384	162.384	181.676	184.505	194.965
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY SERVICES		-	-	-	4.067	3.057	3.057	3.199	3.344	3.501
Vote 5 - TECHNICAL SERVICES		-	-	-	40.845	47.058	47.058	53.309	40.496	43.941
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	170.327	180.237	232.410	206.990	212.499	212.499	239.275	228.346	242.407
Expenditure by Vote to be appropriated										
Vote 1 - EXECUTIVE AND COUNCIL	1	8.861	10.491	10.842	43.602	47.139	47.139	46.495	47.259	49.745
Vote 2 - FINANCIAL SERVICES		136.142	148.864	148.291	33.283	32.547	32.547	37.259	39.742	41.636
Vote 3 - CORPORATE SERVICES		-	-	-	32.263	33.184	33.184	31.903	33.430	36.077
Vote 4 - COMMUNITY SERVICES		-	-	-	33.652	31.290	31.290	37.941	41.507	42.499
Vote 5 - TECHNICAL SERVICES		-	-	-	33.859	32.016	32.016	32.847	32.310	35.605
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	145.003	159.354	159.132	176.660	176.176	176.176	186.445	194.247	205.563
Surplus/(Deficit) for the year	2	25.324	20.882	73.278	30.330	36.323	36.323	52.831	34.099	36.844

Table A4: Budgeted Financial Performance (Revenue and Expenditure)

The municipality revenue has been estimated to be R239 million while the equitable share is projected to be R140.6 million, Expanded Public Works Programme grant is R1.7 million, Finance Management Grant R1, 9 million, Integrated National Electrification Programme grant is R12 million, Municipal Infrastructure Grant R39 million, Ward Based Plan is R500k, Tittle Deed Restoration grant is R592k, Community Services Library is R1 million and Provincialisation of Libraries is R1,8 million for the financial year 2020/21.

Property Rates is budgeted at R26.6 million and Revenue from refuse removal is R703k. Tariffs have been increased by different percentages across all consumer groups. The increase also affects the refuse charges and interest on arrears. It is important to note that revenue from property rates is still experiencing poor collection, but it should be taken into consideration that negotiation with rates payers to ensure that the services are paid on time.

The increase of 2% compared to current year:

- is to accommodate those who are struggling to pay their monthly rates and taxes.
- is to encourage rates payers to pay their rates and taxes as some are affected by the COVID-19 pandemic.

The increase of 5% for service charges was considered looking at the extension of scope such as removal of chopped-up-trees which were not normally removed by councils refuse removal services, as well as garden refuse overgrown grass not attended.

Rental income is received for government departments that are occupying office spaces in the new Thusong Centre, hall hire charges and other employees that rent municipal properties. The municipality expect to receive additional rent from other government departments that will be occupying Thusong Centre which is now completed.

Hall Hire was increases by 2% based on the low demand as many functions are cancelled due to COVID-19.

Interest earned is the estimated interest to be received on short term investments of excess funds. Since the Municipality has opened a liquidity plus account, surplus funds are kept on this account to earn interest. Licences have been budgeted at 280k due to less demand of learner's licences and also testing station is not yet operational.

Fines have been budgeted at 132k as there is less fines issued as a result of change in operations of traffic officers who have been deployed at Teza weigh bridge.

Other revenue consists of tender monies, SDL refunds, clearance certificates and dumping charges.

Tender monies budget has a high increase since the municipality will receive substantial amount for MIG project compare to the current financial year.

Operating expenditure by type

Total operating expenditure has been estimated to R186 million. The budgeted allocation for employee related costs for the 2020/21 financial year totals R66.9 million, which equals 36 per cent of the total Operating expenditure. Expenditure against overtime is only provided for emergency services and other critical functions. An increment of 6.25% has been budgeted for employee cost and notch progressions have been considered. There are other positions that are currently under evaluation and there is possible increase in those respect posts. The budget also includes the estimated increase on those positions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The estimated budget also includes an estimate of 6% from the current budget.

The municipality is currently engaging with rates payers and a revenue collecting strategy is being developed and as a result, a debt impairment provision has been reduced compared to previous year's audited figures. A provision of interest amounting R710k has been made since the municipality has a loan with Absa Bank for Construction of Thusong Centre as well as finance lease for the grader.

An amount of R11million has been estimated for depreciation to accommodate other Projects that are currently work in progress and will be completed in the budget year

Finance charge budget decrease from current financial year, most of the finance leased of motor vehicle has

been fully paid and the interest is not charged. Municipality is also paying its loan yearly which result to a decrease of finance charge.

Other material budget has been substantial increase as a result of other materials budget for prevention of COVID-19 spread.

Transfers and subsidies expenditure budget have increased as a result of social relief of R150k and special emergency disaster fund which is R1.7 million.

Contracted services include valuations costs, cleaning services, security services, Sanitation costs, IT advisory, Mscoa related costs which is anything that is outsourced e.g. catering, sound; etc, Document management systems, Marketing and branding of the municipality, Waste collection, Performance Management System and other costs for functions, events and awareness.

Contracted services also include Electrification programmes funded by Integrated National Electrification Programme Grant.

The costs for Security and Cleaning services has been increased due to scope being extended to other municipal buildings such as Thusong Centre, Fire Station and Waste Transfer Station.

KZN281 Mfolozi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source												
Property rates	2		7.502	13.484	26.578	26.114	26.114	26.114	26.114	26.635	27.168	27.712
Service charges - electricity revenue	2		–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2		–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2		–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2		343	476	508	697	670	670	670	703	738	774
Rental of facilities and equipment			194	163	123	700	600	600	600	612	624	674
Interest earned - external investments			1.687	416	1.155	750	1.200	1.200	1.200	1.260	1.285	1.414
Interest earned - outstanding debtors			–	707	567	440	740	740	740	755	770	785
Dividends received							–	–	–			
Fines, penalties and forfeits			1.042	5.416	1.752	500	130	130	130	133	135	295
Licences and permits			364	518	350	525	260	260	260	281	286	292
Agency services							–	–	–			
Transfers and subsidies			120.365	130.769	142.086	152.156	151.406	151.406	151.406	162.717	170.413	182.174
Other revenue	2		14.780	379	633	195	253	253	253	276	282	271
Gains				216								
Total Revenue (excluding capital transfers and contributions)			146.278	152.545	173.753	182.077	181.373	181.373	181.373	193.371	201.702	214.391
Expenditure By Type												
Employee related costs	2		39.373	47.639	56.219	63.778	62.312	62.312	62.312	66.982	70.611	73.652
Remuneration of councillors			8.861	10.491	10.842	11.190	11.190	11.190	11.190	11.856	12.016	12.626
Debt impairment	3		6.807	6.456	3.409	2.025	1.022	1.022	1.022	1.074	1.698	1.787
Depreciation & asset impairment	2		8.211	15.778	9.339	8.421	8.421	8.421	8.421	11.066	11.631	12.213
Finance charges			1.119	1.610	1.176	600	760	760	760	710	746	783
Bulk purchases	2		–	–	–	–	–	–	–	–	–	–
Other materials	8					1.352	1.397	1.397	1.397	1.578	1.893	1.875
Contracted services			47.538	44.698	40.477	54.213	52.897	52.897	52.897	54.795	55.383	60.690
Transfers and subsidies			–	1.532	562	770	730	730	730	2.460	2.465	2.470
Other expenditure	4, 5		33.093	31.151	36.509	34.311	37.445	37.445	37.445	35.925	37.805	39.466
Losses					600							
Total Expenditure			145.003	159.354	159.132	176.660	176.176	176.176	176.176	186.445	194.247	205.563
Surplus/(Deficit)			1.275	(6.810)	14.620	5.418	5.198	5.198	5.198	6.926	7.455	8.828
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			24.049	26.564	25.761	24.913	31.126	31.126	31.126	45.904	26.644	28.016
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6		–	1.128	32.897							
Transfers and subsidies - capital (in-kind - all)												
Surplus/(Deficit) after capital transfers & contributions			25.324	20.882	73.278	30.330	36.323	36.323	36.323	52.831	34.099	36.844
Taxation												
Surplus/(Deficit) after taxation			25.324	20.882	73.278	30.330	36.323	36.323	36.323	52.831	34.099	36.844
Attributable to minorities												
Surplus/(Deficit) attributable to municipality			25.324	20.882	73.278	30.330	36.323	36.323	36.323	52.831	34.099	36.844
Share of surplus/ (deficit) of associate	7											
Surplus/(Deficit) for the year			25.324	20.882	73.278	30.330	36.323	36.323	36.323	52.831	34.099	36.844

References

Table A5: Budgeted Capital Expenditure Budget by vote, standard classification and funding
Capital expenditure

Capital expenditure has been estimated to R52.8 million. The capital expenditure includes the budget for the Infrastructure Projects such as roads, crèches and halls for the community and other capital expenditure used for operational purposes. From prioritization of capital expenditure, it has been noted that several roads need to be constructed in most wards.

Capital expenditure funded by National Government amounts to R37 million, 8.7million is funded by Provincial Sport and Recreation. Funds will be utilised for the construction of Dondotha Sport field.

Amount of R6.9million is funded from our own revenue which will be utilised to fund

- new transport assets for political office bearers, and disaster management unit
- furniture's, computers, etc.
- new ablution facilities infrastructure that need to be constructed for community halls
- also, the bus shelter for Thusong Centre

Capital projects that were prioritized include

- Thunuka Access Road
- Zilahle Access Road
- Sbululwane Access Road
- Dondotha Sport field
- Mankwathini MPCC
- Ward-14 MPCC

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	70	-	-	-	-	-	-
Vote 2 - FINANCIAL SERVICES		14.930	3.866	7.396	60	260	260	260	125	125	115
Vote 3 - CORPORATE SERVICES		-	-	-	4.168	965	965	965	3.700	6.030	7.351
Vote 4 - COMMUNITY SERVICES		-	-	532	700	875	875	875	1.751	1.301	1.362
Vote 5 - TECHNICAL SERVICES		40.657	27.812	60.391	25.333	34.223	34.223	34.223	47.254	26.644	28.016
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		55.588	31.678	68.319	30.330	36.323	36.323	36.323	52.831	34.099	36.844
Total Capital Expenditure - Vote		55.588	31.678	68.319	30.330	36.323	36.323	36.323	52.831	34.099	36.844
Capital Expenditure - Functional											
Governance and administration		14.930	3.866	7.396	4.348	4.142	4.142	4.142	3.825	6.155	7.466
Executive and council		-	-	-	70	-	-	-	-	-	-
Finance and administration		14.930	3.866	7.396	4.278	4.142	4.142	4.142	3.825	6.155	7.466
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	532	6.562	9.456	9.456	9.456	38.048	839	877
Community and social services		-	-	532	1.903	1.646	1.646	1.646	14.079	755	793
Sport and recreation		-	-	-	4.563	7.563	7.563	7.563	23.885	-	-
Public safety		-	-	-	97	247	247	247	84	84	84
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		40.657	27.812	60.391	19.220	22.450	22.450	22.450	10.518	26.644	28.016
Planning and development		-	-	-	370	1.994	1.994	1.994	-	-	-
Road transport		40.657	27.812	60.391	18.850	20.456	20.456	20.456	10.518	26.644	28.016
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	200	275	275	275	440	462	485
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	200	275	275	275	440	462	485
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	55.588	31.678	68.319	30.330	36.323	36.323	36.323	52.831	34.099	36.844
Funded by:											
National Government		24.049	26.564	25.761	24.913	24.913	24.913	24.913	37.117	26.644	28.016
Provincial Government		2.725	2.772	6.985	-	6.213	6.213	6.213	8.787	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	33.397	-	-	-	-	-	-	-
Transfers recognised - capital	4	26.774	29.336	66.143	24.913	31.126	31.126	31.126	45.904	26.644	28.016
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		28.813	2.342	2.176	5.418	5.198	5.198	5.198	6.926	7.455	8.828
Total Capital Funding	7	55.588	31.678	68.319	30.330	36.323	36.323	36.323	52.831	34.099	36.844

Table A6: Budgeted Financial Position

- The total current assets budgeted for amounts to R23.8 million. The current asset is broken down to Cash, Call investment and Other Debtors.
- Property Plant and Equipment was also anticipated at R374.6 million taking into consideration the additional capital for budget year.
- Total liabilities included estimated trade payables of 18.7million. The municipality anticipates reducing its creditors by at least 50% compared to previous year's audited financial statements. Other liabilities include the loan that municipality has with Absa and financial leases.

KZN281 Mfolozi - Table A6 Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
ASSETS											
Current assets											
Cash		1.614	428	5.221	5.265	8.316	8.316	8.316	11.075	15.540	20.999
Call investment deposits	1										
Consumer debtors	1	5.338	5.558	10.567	9.140	5.707	5.707	5.707	12.730	7.169	7.318
Other debtors		5.953	6.798	5.779							
Current portion of long-term receivables											
Inventory	2										
Total current assets		12.906	12.785	21.567	14.405	14.023	14.023	14.023	23.805	22.709	28.317
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	229.201	246.749	302.468	359.918	330.220	330.220	330.220	372.113	394.784	419.793
Biological											
Intangible		950	762	2.472	2.100	2.622	2.622	2.622	2.494	2.290	1.913
Other non-current assets											
Total non current assets		230.152	247.511	304.940	362.018	332.842	332.842	332.842	374.607	397.075	421.707
TOTAL ASSETS		243.057	260.296	326.507	376.423	346.865	346.865	346.865	398.412	419.784	450.024
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	1.224	2.916	2.553	-	1.223	1.223	1.223	1.223	1.223	1.223
Consumer deposits											
Trade and other payables	4	42.260	37.433	35.008	9.150	8.742	8.742	8.742	18.734	18.180	24.607
Provisions											
Total current liabilities		43.484	40.349	37.560	9.150	9.965	9.965	9.965	19.957	19.403	25.830
Non current liabilities											
Borrowing		11.564	9.060	6.907	5.255	4.058	4.058	4.058	3.855	2.656	1.837
Provisions		-	-	-	-	-	-	-	-	-	-
Total non current liabilities		11.564	9.060	6.907	5.255	4.058	4.058	4.058	3.855	2.656	1.837
TOTAL LIABILITIES		55.048	49.409	44.467	14.405	14.023	14.023	14.023	23.811	22.059	27.667
NET ASSETS	5	188.010	210.887	282.040	362.018	332.842	332.842	332.842	374.601	397.724	422.356
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		188.010	210.887	282.040	362.018	332.842	332.842	332.842	374.601	397.724	422.356
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	188.010	210.887	282.040	362.018	332.842	332.842	332.842	374.601	397.724	422.356

Table A7: Budgeted Cash Flows

- Property rates, service charges and interest on outstanding debtors, the Council is anticipating collecting at least 75% of its rates and taxes.
- Government grants is anticipated to an amount R208 million.

- Interest received on investments is budgeted at R1.2million.
- Transfer and grants of R2.4 million are for councillor's discretion as well as poverty relief, social relief and special emergency disaster in respects of disasters.
- A capital asset is the amount budgeted for capital expenditure of R52.8 million.
- Repayment of the loan borrowed for an amount of R7 million as well repayments on finance lease of the municipal grader.

KZN281 Mfolozi - Table A7 Budgeted Cash Flows

KEN2019 m101021 - Table A7 Budgeted Cash Flows												
Description		Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			3.473	5.270	52.739	16.974	20.891	20.891	20.891	19.977	20.376	20.784
Service charges						697	536	536	536	527	553	581
Other revenue			278	473	218	1.920	1.243	1.243	1.243	1.302	1.328	1.532
Transfers and Subsidies - Operational		1	120.845	132.396	139.962	152.156	151.406	151.406	151.406	162.717	170.413	182.174
Transfers and Subsidies - Capital		1	24.049	26.564	25.761	24.913	31.126	31.126	31.126	45.904	26.644	28.016
Interest			1.687	1.123	1.155	1.190	1.570	1.570	1.570	1.826	1.863	2.003
Dividends							-	-	-	-	-	-
Payments												
Suppliers and employees			(112.478)	(131.729)	(146.363)	(164.844)	(165.242)	(165.242)	(165.242)	(171.135)	(177.707)	(188.310)
Finance charges			-	(1.610)	(1.176)	(600)	(760)	(760)	(760)	(710)	(746)	(783)
Transfers and Grants		1	-	-	-	(770)	(730)	(730)	(730)	(2.460)	(2.465)	(2.470)
NET CASH FROM/(USED) OPERATING ACTIVITIES			37.855	32.487	72.296	31.636	40.040	40.040	40.040	57.947	40.259	43.526
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE										-	-	-
Decrease (Increase) in non-current receivables										-	-	-
Decrease (increase) in non-current investments										-	-	-
Payments												
Capital assets			(41.754)	(29.999)	(64.380)	(30.330)	(36.323)	(36.323)	(36.323)	(52.831)	(34.099)	(36.844)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(41.754)	(29.999)	(64.380)	(30.330)	(36.323)	(36.323)	(36.323)	(52.831)	(34.099)	(36.844)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans										-	-	-
Borrowing long term/refinancing										-	-	-
Increase (decrease) in consumer deposits										-	-	-
Payments												
Repayment of borrowing			5.302	(3.673)	(3.124)	(622)	(622)	(622)	(622)	(2.357)	(1.685)	(1.223)
NET CASH FROM/(USED) FINANCING ACTIVITIES			5.302	(3.673)	(3.124)	(622)	(622)	(622)	(622)	(2.357)	(1.685)	(1.223)
NET INCREASE/ (DECREASE) IN CASH HELD			1.403	(1.185)	4.793	684	3.095	3.095	3.095	2.760	4.465	5.459
Cash/cash equivalents at the year begin:		2	211	1.614	428	4.581	5.221	5.221	5.221	8.316	11.075	15.540
Cash/cash equivalents at the year end:		2	1.614	428	5.221	5.265	8.316	8.316	8.316	11.075	15.540	20.999

Table A8: Cash backed reserves/ Accumulated surplus reconciliation

KZN281 Mfolozi - Table A8 Cash backed reserves/accumulated surplus reconciliation

2020/21 MTR/21 - Table A0 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	1.614	428	5.221	5.265	8.316	8.316	8.316	11.075	15.540	20.999
Other current investments > 90 days		-	-	(0)	0	0	0	0	(0)	(0)	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		1.614	428	5.221	5.265	8.316	8.316	8.316	11.075	15.540	20.999
Application of cash and investments											
Unspent conditional transfers		6.044	5.223	3.100	2.285	2.285	2.285	2.285	769	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	34.467	28.854	3.537	727	1.960	1.960	1.960	8.521	12.862	19.168
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		40.512	34.077	6.637	3.012	4.245	4.245	4.245	9.291	12.862	19.168
Surplus (shortfall)		(38.898)	(33.648)	(1.415)	2.253	4.071	4.071	4.071	1.785	2.678	1.831

Table A9: Asset Management

- The asset management has clear indicating the asset management per asset class as per the mSCOA requirements

- The depreciation has also been split as per the assets class.
- The repairs and maintenance has also been split as per each class of the asset.

KZN281 Mfolozi - Table A9 Asset Management

Description		Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CAPITAL EXPENDITURE											
Total New Assets		1	55.588	31.678	68.319	30.330	36.323	36.323	52.831	34.099	36.844
Roads Infrastructure			3.836	-	435	18.850	22.270	22.270	10.518	26.644	28.016
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	1.875	-	-	-	-	550	578
Infrastructure			3.836	-	2.309	18.850	22.270	22.270	10.518	27.194	28.594
Community Facilities			48.537	27.812	58.405	1.500	1.293	1.293	12.852	-	-
Sport and Recreation Facilities			-	-	-	4.563	7.563	7.563	23.885	-	-
Community Assets			48.537	27.812	58.405	6.063	8.856	8.856	36.737	-	-
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			95	-	-	70	2.970	2.970	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			95	-	-	70	2.970	2.970	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			1.096	112	2.045	450	150	150	500	525	551
Intangible Assets			1.096	112	2.045	450	150	150	500	525	551
Computer Equipment			688	402	2.039	475	645	645	790	834	880
Furniture and Office Equipment			847	447	1.345	1.093	747	747	762	1.300	1.365
Machinery and Equipment			325	751	92	680	686	686	524	546	569
Transport Assets			162	2.153	2.083	2.650	-	-	3.000	3.700	4.885
Land			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-

Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	-	-	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	55.588	31.678	68.319	30.330	36.323	36.323	52.831	34.099	36.844
<i>Roads Infrastructure</i>		3.836	-	435	18.850	22.270	22.270	10.518	26.644	28.016
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	1.875	-	-	-	-	550	578
Infrastructure		3.836	-	2.309	18.850	22.270	22.270	10.518	27.194	28.594
Community Facilities		48.537	27.812	58.405	1.500	1.293	1.293	12.852	-	-
Sport and Recreation Facilities		-	-	-	4.563	7.563	7.563	23.885	-	-
Community Assets		48.537	27.812	58.405	6.063	8.856	8.856	36.737	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		95	-	-	70	2.970	2.970	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		95	-	-	70	2.970	2.970	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		1.096	112	2.045	450	150	150	500	525	551
Intangible Assets		1.096	112	2.045	450	150	150	500	525	551
Computer Equipment		688	402	2.039	475	645	645	790	834	880
Furniture and Office Equipment		847	447	1.345	1.093	747	747	762	1.300	1.365
Machinery and Equipment		325	751	92	880	686	686	524	546	569
Transport Assets		162	2.153	2.083	2.650	-	-	3.000	3.700	4.885
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		55.588	31.678	68.319	30.330	36.323	36.323	52.831	34.099	36.844

ASSET REGISTER SUMMARY - PPE (WDV)	5	230.152	247.511	304.940	362.018	332.842	332.842	374.607	397.075	421.706
Roads Infrastructure		60.010	73.788	75.908	90.447	95.774	95.774	100.278	154.392	179.336
Storm water Infrastructure		94	90	86	90	86	86	82	78	74
Electrical Infrastructure										
Water Supply Infrastructure		27	25	23	250	23	23	22	19	17
Sanitation Infrastructure										
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure				1.906				1.906	2.259	2.639
Infrastructure		60.132	73.904	77.924	90.787	95.884	95.884	102.288	156.748	182.067
Community Assets		82.258	88.096	91.149	143.459	157.724	157.724	194.132	160.220	156.750
Heritage Assets										
Investment properties										
Other Assets		66.643	63.134	109.896	115.174	67.054	67.054	52.201	50.412	48.539
Biological or Cultivated Assets										
Intangible Assets		950	762	2.472	2.100	2.622	2.622	2.494	2.290	1.913
Computer Equipment		912	1.159	2.467	231	1.709	1.709	2.117	2.470	2.768
Furniture and Office Equipment		946	1.265	2.262	955	1.605	1.605	2.003	2.939	3.939
Machinery and Equipment		360	987	705	267	(13)	(13)	1.132	1.578	2.050
Transport Assets		7.546	7.800	7.661	9.047	6.257	6.257	7.835	10.013	13.275
Land		10.405	10.405	10.405				10.405	10.405	10.405
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	230.152	247.511	304.940	362.018	332.842	332.842	374.607	397.075	421.706
EXPENDITURE OTHER ITEMS		12.032	21.609	12.948	16.738	16.182	16.182	20.563	21.603	22.683
Depreciation	7	8.211	15.778	9.339	8.421	8.421	8.421	11.066	11.631	12.213
Repairs and Maintenance by Asset Class	3	3.821	5.831	3.609	8.317	7.761	7.761	9.497	9.972	10.470
Roads Infrastructure			937		500	50		1.000	1.050	1.103
Storm water Infrastructure					500	200				
Electrical Infrastructure										
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure					450					
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure			937		1.450	250	250	1.000	1.050	1.103
Community Facilities		3.821	3.648	1.993	4.643	4.840	4.840	4.657	4.890	5.134
Sport and Recreation Facilities										
Community Assets		3.821	3.648	1.993	4.643	4.840	4.840	4.657	4.890	5.134
Heritage Assets										
Revenue Generating										
Non-revenue Generating										
Investment properties										
Operational Buildings			195	208				400	420	441
Housing										
Other Assets			195	208				400	420	441
Biological or Cultivated Assets										
Servitudes										
Licences and Rights										
Intangible Assets										
Computer Equipment			22		150	150	150	150	158	165
Furniture and Office Equipment			28	66	250	102	102	200	210	221
Machinery and Equipment				216	674	1.124	1.124	350	368	386
Transport Assets			1.001	1.126	1.150	1.294	1.294	2.740	2.877	3.021
Land										
Zoo's, Marine and Non-biological Animals										
TOTAL EXPENDITURE OTHER ITEMS		12.032	21.609	12.948	16.738	16.182	16.182	20.563	21.603	22.683

PART 2 – SUPPORTING DOCUMENTATION

Section 5- Overview of Annual Budget Process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality Meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices; that there is proper alignment between the policy and service delivery priorities set out in the Council IDP and the budget, considering the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Section 6- Overview of alignment of Annual Budget with Integrated Development Plan

- A three (3) year capital budget has been prepared and built on the IDP document and was approved by Council on the 27th of May 2020.
- This budget compiled in line with the Municipal Budgeting and Reporting Regulation (MBRR) notice no 31804 of 2009 provides comparative financial information over a systematic number of years. The extent of the indigent support granted by Council to indigent households in the municipal area will be determined based on budgetary allocation for a particular financial year and the tariff charges.
- The key focal point of the municipality is ensuring that its budget complies with the following three criteria:

Sustainability - to ensure that the municipality has sufficient revenue and adequate corporate and financial stability to fund and deliver on its budget.

Credibility - to ensure that the municipality, with its ability and capacity to spend, deliver in terms of its budget.

Governance - that the Municipality has appropriate capacity and stability to ensure the long term sustainability of service delivery.

KZN281 Mfolozi - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand												
Property Rates				7.502	13.484	26.578	26.114	26.114	26.114	26.635	27.168	27.712
Service Charges				343	476	508	697	670	670	703	738	774
Rental Of Facilities				194	163	123	700	600	600	612	624	674
Interest Received - Investment				1.687	416	1.155	750	1.200	1.200	1.260	1.285	1.414
Interest Received - Outstanding Debtors					707	567	440	740	740	755	770	785
Fines				1.042	5.416	1.752	500	130	130	133	135	295
Licences and permits				364	518	350	525	260	260	281	286	292
Transfers and Grants - Operational				120.365	130.769	142.086	150.845	150.095	150.095	162.717	170.413	182.174
Transfers and Grants - Capital				24.049	26.564	25.761	26.224	32.437	32.437	45.904	26.644	28.016
Clearance Certificate							6	5	5	9	9	7
Skills Development Levy				77	88	73	100	140	140	151	154	157
Tender Monies				157	29	61	89	100	100	108	110	98
Building Plans				-	-	-	-	8	8	8	8	9
Donations received					1.324	33.397						
Gain on disposal of assets				-	216	-						
Transfer revenue				13.834	-	-						
Other operational revenue				713	66	-						
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	170.327	180.237	232.410	206.990	212.499	212.499	239.275	228.346	242.407

KZN281 Mfolozi - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Annex 1 (continued) – Supporting Table 6/13: Reconciliation of 2021 Strategic Objectives and Budget (operating expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
R thousand													
Employee Costs				39.373	47.639	56.219	63.778	62.312	62.312	66.982	70.611	73.652	
Remuneration of Councillors				8.861	10.491	10.842	11.190	11.190	11.190	11.856	12.016	12.626	
Depreciation				8.211	8.114	9.339	8.421	1.022	1.022	11.066	11.631	12.213	
Debt Impairment				6.807	6.456	3.409	2.025	8.421	8.421	1.074	1.698	1.787	
Finance cost				1.119	1.610	1.176	600	760	760	710	746	783	
Other materials				–			1.352	1.397	1.397	1.578	1.893	1.875	
Contracted Services				47.538	44.698	40.477	54.213	52.897	52.897	54.795	56.233	61.540	
Transfers and Subsidies				–	1.532	562	770	730	730	2.460	1.006	1.011	
Operational costs				31.659	30.572	35.902	34.311	37.445	37.445	35.925	38.414	40.075	
Impairment loss				702	7.664	–							
Lease rentals on operating leases				732	579	607							
Loss on disposal of assets						600							
Allocations to other priorities													
Total Expenditure				1	145.003	159.354	159.132	176.660	176.176	176.176	186.445	194.247	205.563

Section 7- Measurable Performance Objectives and Indicators

The performance indicators will be included in the Municipal Services Delivery and Budget Implementation Plan (SDBIP) which will be submitted to National and Provincial Treasury.

Section 8- Overview of budget related policies

The municipality has various policies which relate to budgeting and financial management in the municipality. These Financial policies comply with the MFMA and its promulgated regulations.

The following budget related policies are:

- Indigent Policy
- Subsistence and Travel Allowance Policy
- Investment and Cash Management Policy
- Property Rates Policy
- Supply Chain Management Policy
- Tariff Policy
- Virement Policy
- Anti-fraud Management
- Asset Management Policy
- Budget and Reserve Policy

Section 9- Overview of budget assumptions

Table A1 to A10 provides the draft annual budget tables while supporting tables from table SA1 to SA38 is the supporting tables. The following are the assumptions that were done when the budget was prepared.

- Property rates was not affected by the budget as the Council still assumes that it is reasonable to project the collection of 75% m on rates taking into account the tariff increase.
- Service Charges refuse, Council believes it is realistic to collect an amount of R527k hence taking into consideration the 5% tariff increase.
- Rental of Office building, Council believes it is still realistic to collect R612k considering Rental of Thusong Centre by other government departments.
- Interest on external short-term investments was estimated at R1.2million as it is assumed that the municipality will make short term investment during 2020/2021 financial year.
- Traffic Fines, it is estimated that fines that will be collected amounts to R133k is considered realistic.
- Licence and permit has been estimated at R281k considering that there has been reduction on learners licences demand and the testing station is not complete.
- Equitable share the municipality has been gazetted an amount of R140 million, Financial Management Grant an amount of R1.9 million has been gazetted. For Expanded Public Works Programme Grant has been gazetted an amount of R1.7 million and the Library grant has been gazetted an amount of R2.8 million. The municipality will also receive R8.7million from Sport and Recreation, R450k for

maintenance of sport facilities as well as R39million for Municipal Infrastructure Grant. The total of R208 million from Transfers and Subsidies included all the grants allocations mentioned above.

- Other income included Sale of tender documents, clearance certificates, Skills levy refunds and dumping fees.
- Employee related cost is budgeted at R66.9 million which includes vacant posts. The estimated increase amount to 6.25% taking into account the CPI and collective agreement.
- Remuneration of Councillors is currently budgeted at R11.8 million taking into consideration the determination of upper limits for councillors dated December. An estimated increment of 6% has been taken into consideration.
- Depreciation is budgeted at R11 million taking into consideration the methods of depreciation and projects that are work in progress and will be completed in the budget year.
- Contracted services budgeted at R54.7 million taking into consideration the inflation rate and extension of scope on other contracted services.
- Capital expenditure estimates allocation gazetted at R37.1 million for Municipal Infrastructure Grant excluding 5% top slice spent on operational costs and also include R8.7million from Sport and Recreation.

Section 10 - Overview of budget funding

- The funding from National and Provincial Grants.
- Municipal Own Revenue which included Property rates, Refuse, Licences, Fines, Rental of facilities, Interest on Investments and Tender Monies.

Section 11- Expenditure on allocations of grant programme

- The allocation of grants for equitable share is unconditional.
- The allocation received for Finance Management Grant is used as per the Financial Management grant Support Plan.
- The Municipal Infrastructure Grant is utilised as per the support plan submitted to Department of Co-operative Governance.
- Expanded Public Works Programme is also directly utilised as per the support plan submitted to Department of Public Works.
- Library Grant is also directly utilised as per the support plan submitted to Department of Art and Culture

KZN281 Mfolozi - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		113.125	124.760	130.849	148.179	148.179	148.179	158.277	166.926	178.537
Local Government Equitable Share		98.724	107.114	115.041	130.797	130.797	130.797	140.635	151.624	161.162
Integrated National Electrification Programme		9.725	13.000	11.000	12.000	12.000	12.000	12.000	12.000	14.000
Finance Management		1.825	1.900	1.900	1.900	1.900	1.900	1.900	1.900	1.900
EPWP Incentive		1.649	1.418	1.620	2.171	2.171	2.171	1.788	-	-
Municipal Systems Improvement						-	-			
						-	-			
Municipal Infrastructure Grant - 5% Top Slice		1.202	1.328	1.288	1.311	1.311	1.311	1.954	1.402	1.475
Provincial Government:		2.725	2.772	689	450	450	450	450	450	450
Sport and Recreation		2.725	2.772	89	450	450	450	450	450	450
Schemes Support Grant										
Housing										
Municipal Infrastructure Grant - 5% Top Slice				600						
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	1.290	1.367	3.527	2.777	2.777	3.990	3.037	3.187
Community Service Library and Provincialisat			1.070	1.367	2.777	2.777	2.777	2.898	3.037	3.187
Ward Based Plan and Title Deeds Restoration Programme Grant			220	-	750			1.092		
Total operating expenditure of Transfers and Grants		115.851	128.823	132.905	152.156	151.406	151.406	162.717	170.413	182.174
Capital expenditure of Transfers and Grants										
National Government:		22.905	25.236	24.473	24.913	24.913	24.913	37.117	26.644	28.016
Municipal Infrastructure Grant (MIG)		22.847	25.236	24.473	24.913	24.913	24.913	37.117	26.644	28.016
Other capital transfers/grants [insert desc]		58	-							
Provincial Government:		4.368	3.198	4.500	-	6.213	6.213	8.787	-	-
Small Town Rehabilitation & Sport and Recreation		4.368	3.198	4.500		6.213	6.213	8.787	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
Community Service Libr										
Total capital expenditure of Transfers and Grants		27.273	28.434	28.973	24.913	31.126	31.126	45.904	26.644	28.016
TOTAL EXPENDITURE OF TRANSFERS AND GRAN		143.123	157.257	161.878	177.069	182.532	182.532	208.621	197.057	210.190

Section 12- Allocations and grants made by the municipality

KZN281 Mfolozi - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash Transfers to other municipalities											
<i>Insert description</i>	1										
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms											
<i>Insert description</i>	2										
Total Cash Transfers To Entities/Em's		-	-	-	-	-	-	-	-	-	-
Cash Transfers to other Organs of State											
<i>Insert description</i>	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations											
<i>Insert description</i>											
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Groups of Individuals											
<i>Insert description</i>			1.532	562	610	610	610	610	610	615	620
Total Cash Transfers To Groups Of Individuals:		-	1.532	562	610	610	610	610	610	615	620
TOTAL CASH TRANSFERS AND GRANTS	6	-	1.532	562	610	610	610	610	610	615	620
Non-Cash Transfers to other municipalities											
<i>Insert description</i>	1										
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to Entities/Other External Mechanisms											
<i>Insert description</i>	2										
Total Non-Cash Transfers To Entities/Em's		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other Organs of State											
<i>Insert description</i>	3										
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Non-Cash Grants to Organisations											
<i>Insert description</i>	4										
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	-	-	-	-
Groups of Individuals											
<i>Insert description</i>	5										
Disaster management - Poverty Relief					60	60	60	60	150	150	150
Special Emergency Disaster Relief - Social Relief					100	60	60	60	1.700	1.700	1.700
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	160	120	120	120	1.850	1.850	1.850
TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	160	120	120	120	1.850	1.850	1.850
TOTAL TRANSFERS AND GRANTS	6	-	1.532	562	770	730	730	730	2.460	2.465	2.470

Section 13- Councillor and board member allowances and employee benefits

KZN281 Mfola - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2018/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		6.808	7.740		8.187	8.187	8.187	8.773	8.908	9.424
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance		1.105	1.286		1.519	1.519	1.519	1.599	1.624	1.718
Cellphone Allowance		749	1.348		1.465	1.465	1.465	1.465	1.465	1.465
Housing Allowances										
Other benefits and allowances		200	119		19	19	19	19	19	19
Sub Total - Councillors		8.861	10.491		11.190	11.190	11.190	11.856	12.016	12.628
% Increase	4		18.4%	(100.0%)	-	-	-	6.0%	1.3%	5.1%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		3.244	3.421		3.351	3.351	3.351	3.330	3.380	3.395
Pension and UIF Contributions		161	187		9	9	9	9	9	9
Medical Aid Contributions					22	22	22			
Overtime										
Performance Bonus										
Motor Vehicle Allowance		1.270	1.172		1.012	1.012	1.012	1.189	1.204	1.439
Cellphone Allowance					98	96	98	82	82	
Housing Allowances										
Other benefits and allowances		52	-		109	109	109	117	118	119
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Senior Managers of Municipality		4.748	4.781	-	4.568	4.568	4.568	4.726	4.793	5.043
% Increase	4		0.7%	(100.0%)	-	-	-	2.8%	1.4%	5.2%
Other Municipal Staff										
Basic Salaries and Wages		22,308	27,354		39,184	37,728	37,728	39,479	40,862	43,193
Pension and UIF Contributions		2,910	3,677		5,011	5,011	5,011	5,673	6,280	6,546
Medical Aid Contributions		1,981	2,460		3,298	3,298	3,298	3,679	3,679	3,433
Overtime		1,212	1,908		1,270	1,270	1,270	1,790	2,010	2,140
Performance Bonus		1,258	1,790		2,220	2,220	2,220	2,693	2,802	3,115
Motor Vehicle Allowance		2,295	3,416		5,507	5,507	5,507	6,489	6,858	6,912
Cellphone Allowance		278	310		328	328	328	506	506	505
Housing Allowances		147	162		200	200	200	204	204	195
Other benefits and allowances		1,534	1,689		2,152	2,152	2,152	1,621	2,388	2,466
Payments in lieu of leave		725	90							
Long service awards										
Post-retirement benefit obligations								123	123	133
Sub Total - Other Municipal Staff		34,826	42,854	-	59,179	57,713	57,713	62,255	65,816	68,838
% Increase	4		23.8%	(100.0%)	-	(2.5%)	-	7.9%	5.7%	4.3%
Total Parent Municipality		48,235	58,125	-	74,968	73,502	73,502	78,838	82,427	86,508
			20.9%	(100.0%)	-	(2.0%)	-	7.3%	4.6%	4.5%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% Increase	4		-	-	-	-	-	-	-	-
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% Increase	4		-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% Increase	4		-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		48,235	58,125	-	74,968	73,502	73,502	78,838	82,627	86,508
% Increase	4		20.9%	(100.0%)	-	(2.0%)	-	7.3%	4.8%	4.5%
TOTAL MANAGERS AND STAFF	5,7	39,373	47,635	-	63,778	62,312	62,312	66,982	70,611	73,682

Section 14 -Monthly targets for revenue, expenditure and cash flow

Budgeted monthly revenue and expenditure table SA25

KZN281 Mfolozi - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source																
Property rates		2.220	2.220	2.220	2.220	2.220	2.220	2.220	2.220	2.220	2.220	2.220	2.220	26.635	27.168	27.712
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		59	59	59	59	59	59	59	59	59	59	59	59	703	738	774
Rental of facilities and equipment		51	51	51	51	51	51	51	51	51	51	51	51	612	624	674
Interest earned - external investments		105	105	105	105	105	105	105	105	105	105	105	105	1.260	1.265	1.414
Interest earned - outstanding debtors		63	63	63	63	63	63	63	63	63	63	63	63	755	770	785
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		11	11	11	11	11	11	11	11	11	11	11	11	133	135	285
Licences and permits		23	23	23	23	23	23	23	23	23	23	23	23	261	266	292
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		13.560	13.560	13.560	13.560	13.560	13.560	13.560	13.560	13.560	13.560	13.560	13.560	162.717	170.413	182.174
Other revenue		23	23	23	23	23	23	23	23	23	23	23	23	276	282	271
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		16.114	16.114	16.114	16.114	16.114	16.114	16.114	16.114	16.114	16.114	16.114	16.114	193.371	201.702	214.391
Expenditure By Type																
Employee related costs		5.582	5.582	5.582	5.582	5.582	5.582	5.582	5.582	5.582	5.582	5.582	5.582	66.982	70.611	73.652
Remuneration of councillors		988	988	988	988	988	988	988	988	988	988	988	988	11.856	12.016	12.626
Debt impairment		89	89	89	89	89	89	89	89	89	89	89	89	1.074	1.698	1.787
Depreciation & asset impairment		922	922	922	922	922	922	922	922	922	922	922	922	11.066	11.631	12.213
Finance charges		59	59	59	59	59	59	59	59	59	59	59	59	710	746	783
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials		131	131	131	131	131	131	131	131	131	131	131	131	1.578	1.893	1.875
Contracted services		4.566	4.566	4.566	4.566	4.566	4.566	4.566	4.566	4.566	4.566	4.566	4.566	54.795	55.383	60.690
Transfers and subsidies		205	205	205	205	205	205	205	205	205	205	205	205	2.460	2.465	2.470
Other expenditure		2.994	2.994	2.994	2.994	2.994	2.994	2.994	2.994	2.994	2.994	2.994	2.994	35.925	37.805	39.466
Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		15.537	15.537	15.537	15.537	15.537	15.537	15.537	15.537	15.537	15.537	15.537	15.537	186.445	194.247	205.563
Surplus/(Deficit)		577	577	577	577	577	577	577	577	577	577	577	577	6.926	7.455	8.828
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		3.825	3.825	3.825	3.825	3.825	3.825	3.825	3.825	3.825	3.825	3.825	3.825	45.904	26.644	28.016
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	52.831	34.099	36.844
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	52.831	34.099	36.844

Budgeted Monthly revenue and expenditure by Municipal Vote table SA26

KZN281 Mfolozi - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote																
Vote 1 - EXECUTIVE AND COUNCIL		91	91	91	91	91	91	91	91	91	91	91	91	1.082	-	-
Vote 2 - FINANCIAL SERVICES		15.140	15.140	15.140	15.140	15.140	15.140	15.140	15.140	15.140	15.140	15.140	15.140	181.676	184.505	194.985
Vote 3 - CORPORATE SERVICES														-	-	-
Vote 4 - COMMUNITY SERVICES		267	267	267	267	267	267	267	267	267	267	267	267	3.199	3.344	3.501
Vote 5 - TECHNICAL SERVICES		4.442	4.442	4.442	4.442	4.442	4.442	4.442	4.442	4.442	4.442	4.442	4.442	53.309	40.496	43.941
Vote 6 - [NAME OF VOTE 6]														-	-	-
Vote 7 - [NAME OF VOTE 7]														-	-	-
Vote 8 - [NAME OF VOTE 8]														-	-	-
Vote 9 - [NAME OF VOTE 9]														-	-	-
Vote 10 - [NAME OF VOTE 10]														-	-	-
Vote 11 - [NAME OF VOTE 11]														-	-	-
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
Total Revenue by Vote		19.940	19.940	19.940	19.940	19.940	19.940	19.940	19.940	19.940	19.940	19.940	19.940	239.275	228.346	242.407
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL		3.875	3.875	3.875	3.875	3.875	3.875	3.875	3.875	3.875	3.875	3.875	3.875	46.496	47.259	49.745
Vote 2 - FINANCIAL SERVICES		3.105	3.105	3.105	3.105	3.105	3.105	3.105	3.105	3.105	3.105	3.105	3.105	37.259	39.742	41.636
Vote 3 - CORPORATE SERVICES		2.659	2.659	2.659	2.659	2.659	2.659	2.659	2.659	2.659	2.659	2.659	2.659	31.903	33.430	36.077
Vote 4 - COMMUNITY SERVICES		3.162	3.162	3.162	3.162	3.162	3.162	3.162	3.162	3.162	3.162	3.162	3.162	37.941	41.507	42.499
Vote 5 - TECHNICAL SERVICES		2.737	2.737	2.737	2.737	2.737	2.737	2.737	2.737	2.737	2.737	2.737	2.737	32.847	32.310	35.605
Vote 6 - [NAME OF VOTE 6]														-	-	-
Vote 7 - [NAME OF VOTE 7]														-	-	-
Vote 8 - [NAME OF VOTE 8]														-	-	-
Vote 9 - [NAME OF VOTE 9]														-	-	-
Vote 10 - [NAME OF VOTE 10]														-	-	-
Vote 11 - [NAME OF VOTE 11]														-	-	-
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
Total Expenditure by Vote		15.537	15.537	15.537	15.537	15.537	15.537	15.537	15.537	15.537	15.537	15.537	15.537	186.445	194.247	205.563
Surplus/(Deficit) before assoc.		4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	52.831	34.099	36.844
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	52.831	34.099	36.844

Section 15 - Annual Budget and service delivery agreements and other external Mechanisms

The list of external mechanisms which will be assisting with maintaining and ensuring that service delivery achieved at higher level.

KZN281 Mfolozi - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
Mills Fitchet	Yrs	3	VALUATION COSTS	Month to Month	
Nomandla Cleaning Services	Yrs	3	CLEANING SERVICE	Month to Month	
AS & T Protection Services	Yrs	3	SECURITY	30/04/2021	
Olix Consulting	Yrs	3	IT CONSULTING (SUPPORT & ADVISORY)	Month to Month	
Delta Blue	Yrs	3	PROFESSIONAL FEES (VAT)	Month to Month	
CCG Systems	Yrs	3	PROFESSIONAL FEES (SAGE & ASSETS)	Month to Month	
Umntho Consulting	Yrs	3	PROFESSIONAL FEES (CMS)	Month to Month	
Brand Partners	Yrs	3	PUBLICITY (CONSULTATION FEE)	Month to Month	
Prolea Consulting	Yrs	3	PROFESSIONAL FEES (PMS)	Month to Month	
Umntho Consulting	Yrs	3	PROFESSIONAL FEES (INTERNAL AUDIT)	Month to Month	

Section 16 - Contracts having future budgetary implications

The Council does not have contracts with future budgetary implication

KZN281 Mfolozi - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding Years	Current Year 2019/20	2020/21 Medium Term Revenue & Expenditure Framework			Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Total Contract Value
R thousand	1,3	Total	Original Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Entities:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

Section 17 - Capital Expenditure Details

Budgeted Monthly Capital Expenditure by functional classification

KZN281 Mfolozi - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional	1															
Governance and administration		319	319	319	319	319	319	319	319	319	319	319	319	3.625	6.155	7.466
Executive and council														-	-	-
Finance and administration		319	319	319	319	319	319	319	319	319	319	319	319	3.625	6.155	7.466
Internal audit														-	-	-
Community and public safety		3.171	3.171	3.171	3.171	3.171	3.171	3.171	3.171	3.171	3.171	3.171	3.171	38.048	839	877
Community and social services		1.173	1.173	1.173	1.173	1.173	1.173	1.173	1.173	1.173	1.173	1.173	1.173	14.079	755	793
Sport and recreation		1.990	1.990	1.990	1.990	1.990	1.990	1.990	1.990	1.990	1.990	1.990	1.990	23.885	-	-
Public safety		7	7	7	7	7	7	7	7	7	7	7	7	84	84	84
Housing														-	-	-
Health														-	-	-
Economic and environmental services		876	876	876	876	876	876	876	876	876	876	876	876	10.518	26.644	28.016
Planning and development														-	-	-
Road transport		876	876	876	876	876	876	876	876	876	876	876	876	10.518	26.644	28.016
Environmental protection														-	-	-
Trading services		37	37	37	37	37	37	37	37	37	37	37	37	440	462	485
Energy sources														-	-	-
Water management														-	-	-
Waste water management														-	-	-
Waste management		37	37	37	37	37	37	37	37	37	37	37	37	440	462	485
Other														-	-	-
Total Capital Expenditure - Functional	2	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	52.831	34.099	36.844
Funded by:																
National Government		3.093	3.093	3.093	3.093	3.093	3.093	3.093	3.093	3.093	3.093	3.093	3.093	37.117	26.644	28.016
Provincial Government		732	732	732	732	732	732	732	732	732	732	732	732	8.787	-	-
District Municipality														-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial)														-	-	-
Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public														-	-	-
Transfers recognised - capital		3.825	3.825	3.825	3.825	3.825	3.825	3.825	3.825	3.825	3.825	3.825	3.825	45.904	26.644	28.016
Borrowing														-	-	-
Internally generated funds		577	577	577	577	577	577	577	577	577	577	577	577	6.926	7.455	8.828
Total Capital Funding		4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	4.403	52.831	34.099	36.844

Section 18 - Legislative compliance status

The Council of uMfolozi Municipality has complied with all the minimum requirements in terms of implementation of the Municipal Standard Charts of Accounts to ensure that the system is effectively implemented.

Section 19 – Other supporting documents

KZN281 Mfolozi - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - EXECUTIVE AND COUNCIL	Vote 2 - FINANCIAL SERVICES	Vote 3 - CORPORATE SERVICES	Vote 4 - COMMUNITY SERVICES	Vote 5 - TECHNICAL SERVICES	Vote 6 - [NAME OF VOTE 6]	Vote 7 - [NAME OF VOTE 7]	Vote 8 - [NAME OF VOTE 8]	Vote 9 - [NAME OF VOTE 9]	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates			26 635														26 635
Service charges - electricity revenue																	-
Service charges - water revenue																	-
Service charges - sanitation revenue																	-
Service charges - refuse revenue			663		20												703
Rental of facilities and equipment			612														612
Interest earned - external investments			1 260														1 260
Interest earned - outstanding debtors			755														755
Dividends received																	-
Fines, penalties and forfeits			133														133
Loans and permits					281												281
Agency services																	-
Other revenue			276														276
Transfers and subsidies		1 092	142 535		2 888	16 192											162 717
Gains																	-
Total Revenue (excluding capital transfers and contributions)		1 092	172 889	-	3 169	16 192	-	-	-	-	-	-	-	-	-	-	193 371
Expenditure By Type																	
Employee related costs		10 300	10 831	6 193	27 068	10 568											66 962
Remuneration of councillors		11 856															11 856
Debt impairment			1 074														1 074
Depreciation & asset impairment			10 436	628		2											11 066
Finance charges			710														710
Bulk purchases																	-
Other materials		340	220	150	528	340											1 578
Contracted services		11 739	6 336	13 485	2 345	20 860											54 795
Transfers and subsidies		2 310			150												2 460
Other expenditure		9 849	7 652	9 447	7 829	1 047											35 825
Losses																	-
Total Expenditure		46 493	37 259	31 903	37 941	32 347	-	-	-	-	-	-	-	-	-	-	186 445
Surplus/(Deficit)		(45 403)	135 630	(31 903)	(34 742)	(16 655)	-	-	-	-	-	-	-	-	-	-	6 926
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			8 787			37 117											45 904
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																	-
Transfers and subsidies - capital (in-kind - all)																	-
Surplus/(Deficit) after capital transfers & contributions		(45 403)	144 417	(31 903)	(34 742)	20 462	-	-	-	-	-	-	-	-	-	-	52 831

KZN281 Mfolozi - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)		6 284	5 866	5 342	5 255	4 058	4 058	3 394	2 656	1 837
Local registered stock										
Installment Credit										
Financial Leases		5 280	3 194	1 565				460	-	-
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	11 564	9 060	6 907	5 255	4 058	4 058	3 855	2 656	1 837
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Installment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	11 564	9 060	6 907	5 255	4 058	4 058	3 855	2 656	1 837

KZN281 Mfolozi - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description		Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand	July		August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
Revenue - Functional																	
Governance and administration			15.083	15.083	15.083	15.083	15.083	15.083	15.083	15.083	15.083	15.083	15.083	180.993	183.789	194.213	
Executive and council														-	-	-	
Finance and administration			15.083	15.083	15.083	15.083	15.083	15.083	15.083	15.083	15.083	15.083	15.083	180.993	183.789	194.213	
Internal audit														-	-	-	
Community and public safety			279	279	279	279	279	279	279	279	279	279	279	3.348	3.487	3.637	
Community and social services			242	242	242	242	242	242	242	242	242	242	242	2.888	3.037	3.187	
Sport and recreation			38	38	38	38	38	38	38	38	38	38	38	450	450	450	
Public safety														-	-	-	
Housing														-	-	-	
Health														-	-	-	
Economic and environmental services			3.370	3.370	3.370	3.370	3.370	3.370	3.370	3.370	3.370	3.370	3.370	40.444	28.332	28.783	
Planning and development			254	254	254	254	254	254	254	254	254	254	254	3.046	1.402	1.475	
Road transport			3.117	3.117	3.117	3.117	3.117	3.117	3.117	3.117	3.117	3.117	3.117	37.398	26.930	28.309	
Environmental protection														-	-	-	
Trading services			1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	3.491	14.481	12.738	14.774	
Energy sources			1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	12.000	12.000	14.000	
Water management														-	-	-	
Waste water management														-	-	-	
Waste management													2.491	2.491	738	774	
Other														-	-	-	
Total Revenue - Functional			19.732	19.732	19.732	19.732	19.732	19.732	19.732	19.732	19.732	19.732	22.223	239.275	228.346	242.407	
Expenditure - Functional																	
Governance and administration			9.813	9.813	9.813	9.813	9.813	9.813	9.813	9.813	9.813	9.813	9.813	117.759	124.080	131.355	
Executive and council			3.052	3.052	3.052	3.052	3.052	3.052	3.052	3.052	3.052	3.052	3.052	36.628	37.807	39.659	
Finance and administration			6.761	6.761	6.761	6.761	6.761	6.761	6.761	6.761	6.761	6.761	6.761	81.130	86.253	91.696	
Internal audit														-	-	-	
Community and public safety			2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.720	2.880	32.777	36.114	37.033	
Community and social services			1.097	1.097	1.097	1.097	1.097	1.097	1.097	1.097	1.097	1.097	1.097	13.160	14.164	14.919	
Sport and recreation			38	38	38	38	38	38	38	38	38	38	38	450	342	413	
Public safety			1.485	1.485	1.485	1.485	1.485	1.485	1.485	1.485	1.485	1.485	1.485	17.817	20.311	20.337	
Housing			101	101	101	101	101	101	101	101	101	101	101	1.210	1.297	1.364	
Health														140	140	-	
Economic and environmental services			2.226	2.226	2.226	2.226	2.226	2.226	2.226	2.226	2.226	2.226	2.226	26.717	26.181	28.943	
Planning and development			1.802	1.802	1.802	1.802	1.802	1.802	1.802	1.802	1.802	1.802	1.802	21.623	20.791	23.286	
Road transport			419	419	419	419	419	419	419	419	419	419	419	5.030	5.324	5.591	
Environmental protection			5	5	5	5	5	5	5	5	5	5	5	65	65	66	
Trading services			763	763	763	763	763	763	763	763	763	763	763	9.162	7.872	8.192	
Energy sources			108	108	108	108	108	108	108	108	108	108	108	1.300	1.365	1.433	
Water management			4	4	4	4	4	4	4	4	4	4	4	47	38	32	
Waste water management			79	79	79	79	79	79	79	79	79	79	79	950	998	1.047	
Waste management			572	572	572	572	572	572	572	572	572	572	572	6.865	5.472	5.680	
Other			3	3	3	3	3	3	3	3	3	3	3	30	20	40	
Total Expenditure - Functional			15.525	15.525	15.525	15.525	15.525	15.525	15.525	15.525	15.525	15.525	15.525	186.445	194.247	205.583	
Surplus/(Deficit) before assoc.			4.207	4.207	4.207	4.207	4.207	4.207	4.207	4.207	4.207	4.207	6.557	52.831	34.099	36.844	
Share of surplus/ (deficit) of associate														-	-	-	
Surplus/(Deficit)		1	4.207	4.207	4.207	4.207	4.207	4.207	4.207	4.207	4.207	4.207	6.557	52.831	34.099	36.844	

KZN281 Mfolozi - Supporting Table SA30 Detailed capital budget

Function	Project Description	Project Number	Type	MTSF Service Outcome	RDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	Audited Outcomes 2018/19	Current Year 2020/21 Full Year Forecast	2020/21 Medium Term Framework Expenditure Framework			
												2020/21 Budget Year	2021/22 Budget Year +1	2022/23 Budget Year +2			
Project in undeployability:																	
For all capital projects grouped by Function																	
CHAMBER ACCESS ROAD	ACCESS ROAD	N/A	New	accountable, effective and efficient	Governance	Roads Infrastructure	Roads	Ward 08	29° 02' 54" E	30° 34' 27" S				2.389			
CELLAR ACCESS ROAD	ACCESS ROAD	N/A	New	accountable, effective and efficient	Governance	Roads Infrastructure	Roads	Ward 18	29° 00' 08" E	30° 30' 12" S				2.942			
COMMUNAL ACCESS ROAD	ACCESS ROAD	N/A	New	accountable, effective and efficient	Governance	Roads Infrastructure	Roads	Ward 24	29° 01' 07" E	30° 22' 12" S				1.387			
COMMUNITY SPORTFIELD	SPORTFIELD	N/A	New	accountable, effective and efficient	Governance	Sport and Recreation Facilities	Outdoor Facilities	Ward 08	29° 02' 12" E	30° 22' 44" S				23.035			
COMMUNITY MULTI PURPOSE CENTRE	MPPC	N/A	New	accountable, effective and efficient	Governance	Community Facilities	Centres	Ward 03							5.801		
COMMUNITY MULTI PURPOSE CENTRE	MPPC	N/A	New	accountable, effective and efficient	Governance	Community Facilities	Centres	Ward 14	29° 01' 07" E	30° 44' 54" S				6.501			
ROAD INFRASTRUCTURE	ROADS	N/A	New	accountable, effective and efficient	Governance	Roads Infrastructure	Roads	All wards				425	22.270	-	26.644	26.015	
SPORT FACILITIES	SPORTFIELD	N/A	New	accountable, effective and efficient	Governance	Sport and Recreation Facilities	Outdoor Facilities	All wards				-	7.533	-	-	-	
INFORMATION INFRASTRUCTURE	ICT	N/A	New	accountable, effective and efficient	Governance	Information and Communication Infrastructure	Unspecified	Administration				1.875	-	-	550	570	
THIRDING BUS SHELTER	BUS SHELTER	N/A	New	accountable, effective and efficient	Governance	Community Facilities	Unspecified	Ward 02				51.495	1.293	350	-	-	
FIXABLE ASSETS	SOFTWARE	N/A	New	accountable, effective and efficient	Governance	Licences and Rights	Unspecified	Administration				2.845	150	560	125	140	
COMPUTERS	COMPUTERS	N/A	New	accountable, effective and efficient	Governance	Computer Equipment	Unspecified	Administration				2.023	645	799	424	470	
FURNITURE AND FITTINGS	FURNITURE AND FITTINGS	N/A	New	accountable, effective and efficient	Governance	Furniture and Office Equipment	Unspecified	Administration				1.345	742	742	1.280	1.340	
MACHINERY AND EQUIPMENT	MACHINERY AND EQUIPMENT	N/A	New	accountable, effective and efficient	Governance	Machinery and Equipment	Unspecified	Administration				92	886	524	540	540	
TRANSPORT ASSETS	TRANSPORT ASSETS	N/A	New	accountable, effective and efficient	Governance	Transport Assets	Unspecified	Administration				2.603	2.000	1.700	4.233	4.233	
OTHER ASSETS	OTHER ASSETS	N/A	New	accountable, effective and efficient	Governance	Community Facilities	Unspecified	All wards				-	3.111	1.000	-	-	
Project Capital expenditure													68.319	36.322	52.021	34.099	36.044
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Section 20 - Municipal Manager's quality certification

Municipal Managers quality certification

QUALITY CERTIFICATE

*I, **K.E GAMEDE**, Municipal Manager of **uMFOLOZI LOCAL MUNICIPALITY**, hereby certify that the Final Annual Budget and supporting have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act and that the Draft Annual Budget and supporting documentation are consistent with the Integrated Development Plan of municipality.*

MR K.E GAMEDE
MUNICIPAL MANAGER

Of

uMFOLOZI LOCAL MUNICIPALITY



SIGNATURE

DATE: 04 | 06 | 2020